

AMP REP National Examination Content Outline
Approved 8/1/99 -- Based on 1999 Job Analysis
Topics in Italics appear on the Broker Examination Only

1. LISTING PROPERTY

A. Listing

1. hidden defects
2. listing agreement, signatures by all parties holding title
3. tax assessment and tax rate
4. deed restrictions and covenants
5. legal description
6. lot size
7. physical dimensions of structure
8. appurtenances (for example, easements and water rights)
9. utilities
10. type of construction
11. encumbrances (for example, liens and restrictions)
12. compliance with health and safety laws (for example, building codes and lead based paint disclosure)
13. ownership of record
14. homeowner's association bylaws and fees
15. brokerage fee

B. Assessment of Property Value

1. location
2. anticipated changes (for example, zoning and use)
3. depreciation
4. deterioration
5. obsolescence
6. improvements
7. economic trends

C. Property Valuation

1. comparative market analysis using the sales comparison approach
- property valuation using the income approach
- appraisal terms (for example, replacement costs and gross rent multiplier)
- appropriate listing price recommendations for the seller

D. Nature of Real Property

- property subdivision and selling of parcels
- real and personal property included in, or excluded from, the sale (for example, land, minerals, water, crops, and fixtures)
- differences between personal property and real property
- forms of ownership interests in real estate, and issues related to conveyance of real property (for example, tenancy and partnership)
- methods of land description (for example, government survey, recorded maps and instruments, "metes and bounds," and lot division)
- interests in real property (for example, fee simple, leasehold, and life estate)
- planning and zoning (for example, variance, zoning changes, and special study zones such as flood and geological hazards)

E. Services Provided in the Brokerage Relationship with the Seller

1. net proceed estimation
2. types of listing agreements, documents provided to the seller
3. safeguarding property (for example, lockbox)
4. property marketing (advertise and show)

2. SELLING PROPERTY

A. Contracts and Offers

sales contract (purchase agreement) forms and provisions (for example, options, remedies, contingencies, financing provisions, earnest money, property description, capacity to contract, signing the contract, and rescinding a contract)
offers and counteroffers (for example, handling multiple offers, presenting offers, and right of first refusal)

B. Characteristics of Real Property

1. rights of ownership
 2. right of property subdivision
 3. planning and zoning (for example, variance, zoning changes, and special study zones such as flood and geological hazards)
 4. material facts (for example, taxes, zoning, building codes, and other land use restrictions)
- physical condition of property (for example, defects and environmental hazards)
other required disclosures (for example, by contract between parties or by law)

C. Advising Buyers of Outside Services

1. home protection plans (warranty)
2. insurance (for example, fire, hazard, liability)
3. inspection reports (for example, structural, pest, well, septic, soil, environmental)
4. surveys

D. Services Provided to the Buyer

information needed to determine prospective buyer's price range and eligibility for financing
preview and choose property to show buyer
current market conditions
show properties

3. PROPERTY MANAGEMENT

A. Services to Landlords

marketing property
evaluating rental market
obtaining tenants
screening applicants according to appropriate laws and regulations
responding to tenant complaints
income, expenses, and rate of return for property
fees, security deposits, and rent collection
negotiating property management agreements
environmental and safety hazards
operating budgets
trust accounts
owners' financial statements

B. Services to Tenants

1. lease agreements used in property management
 2. rental and lease agreements (including options)
 3. material facts
- show property to prospective tenants
occupancy terms
proration of rents and leases

4. SETTLEMENT/TRANSFER OF OWNERSHIP

A. Tax Issues

real property taxation (for example, ad valorem and special assessments)
tax terminology (for example, capital gains, tax basis, *1031 tax deferred exchanges*)

B. Titles

1. title search
2. title insurance (for example, owner's, seller's, and mortgagee's)
3. title problems

4. legal procedures (for example, quiet title, foreclosure, bankruptcy, judgment)
5. liens and order of priority (for example, mortgages, trust deeds, construction/mechanics liens, judgments by court)
6. legal proceedings against property (for example, attachments and notice of pending legal action)

C. Settlement Procedures

1. purposes and procedures of settlement
2. Real Estate Settlement Procedures Act (RESPA)
3. closing statements (for example, calculate amount owed by buyer, calculate net to seller)
4. obligations of settlement agent
5. calculations regarding proration/prepayment
6. warranties associated with deeds (for example, warranty, quitclaim deeds)
7. settlement statement (HUD-1)
8. other settlement documents (for example, deed, bill of sale, note, deed of trust)
9. transfer tax
10. negotiations between buyers and sellers leading to agreement

D. Characteristics of Real Property

1. ways of holding and conveying title, and characteristics of the different approaches to tenancy (for example, joint tenancy, tenancy in common, tenancy by entirety, severalty)
2. rights of home ownership (for example, homestead)
3. rights of others related to property (for example, adverse possession, adjoining owners, encroachments)
4. nature and types of common interest ownership (for example, condominiums, planned unit development, cooperatives, townhouses, time-share)
5. eminent domain proceedings (for example, condemnation)

FINANCING

E. Sources of Financing

1. institutional (for example, banks, mortgage brokers, mortgage companies, insurance companies)
2. seller financing (for example, land contract and purchase money mortgage)
3. assumption of existing financing
4. other sources of financing

F. Types of Loans

1. security for loans (for example, trust deeds, land contracts, mortgages)
2. repayment methods (for example, adjustable rate mortgage, fully/partially/nonamortized)
3. forms of financing (for example, FHA, VA, Rural Housing Service loans of the USDA, conventional loan)
4. secondary mortgage markets (for example, FNMA, FHLMC, GNMA)
5. other types of mortgage loans (for example, wraparound, blanket, package)

G. Terms and Conditions

1. loan application requirements
2. loan origination costs (for example, appraisal fee, credit reports, points)
3. lender requirements (for example, property insurance, escrows, deposits, underwriting criteria)
4. conditional approval
5. provisions of federal regulations (for example, Truth-in-Lending Act, Equal Credit Opportunity Act)

H. Common Clauses and Terms in Mortgage Instruments

1. prepayment
2. interest rates (for example, fixed rates, adjustable rates)
3. release
4. due-on-sale
5. subordination
6. escalation
7. acceleration
8. default

foreclosure and redemption rights
nonrecourse provision
rescission

5. PROFESSIONAL RESPONSIBILITIES/FAIR PRACTICE/ADMINISTRATION

A. Professional Responsibilities and Fair Practice

brokerage relationships
 listing
 selling (for example, buyer brokerage, canceling a contract)
 property management (for example, landlords, tenants)
laws and rules
 Americans with Disabilities Act
 Federal Fair Housing (Civil Rights) laws and rules
 a. IRS Form 8300 cash payment reporting requirement
resolving misunderstandings among parties to real estate transactions
need to seek expert advice (for example, tax, legal, appraisal)

B. Administration

1. terms of contract between salesperson(s) and broker (for example, employee, independent contractor)
2. complete and accurate records of all business transactions
3. company policies, procedures, and standards
4. calculating commissions for real estate transactions
5. *notifications and reports required by the real estate regulatory agency*
6. *trust accounts*
7. *supervising and educating sales force*
8. *accounting procedures for the office*

Kentucky State Law Content Outline
For Sales and Broker Exam
Effective July 5, 2005

- **Real Estate Commission**

- A. Commission membership
- B. General powers
- C. Examination of records

- D. Education, Research, and Recovery Fund**

Enforcement Powers of the Commission

- A. Investigations, hearings, and appeals
- B. Sanctions
 - 1. Fines
 - 2. License suspension, revocation, and other action
 - 3. Criminal action
 - 4. Injunctive relief

Requirements for a License

- A. Activities requiring a license
- B. Eligibility
- C. Renewal of license
- D. License procedures
 - 1. License changes
 - 2. Escrow of license
- E. Continuing education
- F. Errors and omissions insurance
- G. Criminal background check

Brokerage Activities and Requirements

Broker/sales associate relationship
Commissions
Advertising
Handling of monies
Handling of documents
Place of business
Records
Escrow accounts

Improper conduct

Unlicensed assistants

6. Broker lien law

Zero (no-call) list

Brokerage management (broker only) Content questions from the curriculum incorporated by reference in the regulation

N. Unlicensed brokerage

License Law Requirements for Contracts

A. Statute of Frauds

- B. Listing contracts
- C. Purchase contracts
 - 1. Submission of offers
 - 2. Finance provisions
 - 3. Other required provisions
- D. Licensee Duties

Disclosures and Agency Issues

Agency relationships, requirements, and disclosure
Disclosures of personal interests in real estate transactions

Seller disclosure of property condition

Other Disclosure Issues

- 1. AIDS/HIV
- 2. Property Conveyance Law

Property Management

- A. Management agreements
- B. Procedures and guidelines
- C. Handling of security deposits

KENTUCKY REAL ESTATE COMMISSION

INFORMATION FOR REAL ESTATE SALES ASSOCIATE AND BROKER LICENSING EXAMINATIONS

ELIGIBILITY FOR TESTING

All sales associate and broker candidates must have initiated the FBI Criminal Background report process **before** making a test reservation. For more information on the FBI report process, click "Criminal Background Check" in the License Information Section of our website, www.krec.ky.gov.

All sales associate and broker candidates must have completed all of the required education hours **before** making a test reservation. All broker candidates must meet additional educational hours, which includes a 48-hour broker management course, and documented work experience. **If you undergo testing before meeting eligibility standards, your test scores will be voided.**

If you have questions regarding testing, the criminal background check, or your eligibility to take the sales associate or broker examination, please contact the KREC's Licensing Department at 502-429-7250 or 888-373-3300.

TESTING ADMINISTRATION

Applied Measurement Professionals (known as **AMP**) will assume the responsibility for sales associate and broker license testing for the KREC effective July 5, 2005.

Three ways you may contact AMP:

Toll free: 800-345-6559

On-Line: www.goAMP.com and select the "Candidates" tab.

Mail the registration form provided in the AMP candidate handbook.

Examination Fees: Cost is \$75. Fee must be paid at the time of reservation by credit card for on-line or phone reservations. Cashier's check or money order payable to AMP must accompany the mail-in registration form.

Testing Sites: Lexington, Louisville, Carbondale, IL; Evansville, IN; Cincinnati, OH; Charleston, WV; Nashville & Knoxville, TN. Directions to the testing site will be given to you at the time of reservation and are also available on the AMP website, www.goAMP.com, and select the "Candidates" tab.

Testing Dates & Times: Monday through Saturday at all testing sites with two testing sessions: 9:00 AM or 1:30 PM.

School Code: Have your school code ready to give to the AMP representative. Check your candidate handbook or with your pre-license provider.

No Testing Dates: New Years Eve & Day, Martin Luther King, Jr. Day, President's Day, Good Friday, Memorial Day Weekend, Independence Day Weekend, Labor Day Weekend, Columbus Day, Veterans Day, Thanksgiving Weekend, Christmas Eve & Day.

What to Bring on Day of Testing:

- Two forms of identification (with the candidate's signature). One must be photo-bearing.
Acceptable forms of photo identification: a current driver's license, a current state ID, a current passport, a current military ID card.
Unacceptable forms of photo identification: Employment ID cards, student ID cards and any type of temporary identification.
- Calculator: silent, hand-held **without** paper-tape printing capabilities or alpha keypads.

What NOT to bring: Programmable calculators. Cell phones.

Passing candidates will receive the application for sales associate or broker licensing at the AMP testing site.